

EXHIBIT E



In the Matter Of:

Eames

v.

Nationwide Mutual Insurance Company

C.A. # 04-CV-1324 KAJ

Transcript of:

Glenn W. Deaton

August 9, 2005

Wilcox & Fetzer, Ltd.
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Eames
Glenn W. Deaton

v.
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

THOMAS A. EAMES, ROBERTA L. EAMES)
and TAMMY EAMES, on behalf of)
themselves and all others)
similary situated,)
)
Plaintiffs,)
) Civil Action
v.) No. 04-CV-1324KAJ
)
NATIONWIDE MUTUAL INSURANCE)
COMPANY,)
)
Defendant.)

Deposition of Glenn Deaton Agency, Inc.
taken pursuant to Federal Rule of Civil Procedure
30(b)(6) through its designee GLENN W. DEATON at the
law offices of Murphy, Spadaro & Landon, 1011 Centre
Road, Suite 210, Wilmington, Delaware, beginning at
10:40 a.m., on Tuesday, August 9, 2005, before Kurt A.
Fetzer, Registered Diplomate Reporter and Notary
Public.

APPEARANCES:

JOHN S. SPADARO, ESQ.
MURPHY SPADARO & LANDON
1011 Centre Road - Suite 210
Wilmington, Delaware 19805

For the Plaintiffs

CURTIS P. CHEYNEY, III, ESQ.
SWARTZ CAMPBELL & DETWEILER
1601 Market Street - 34th Floor
Philadelphia, Pennsylvania 19103-2316
For the Defendant

WILCOX & FETZER
1330 King Street - Wilmington, Delaware 19801
(302) 655-0477

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Nationwide Mutual Insurance Company
August 9, 2005

1 APPEARANCES: (Cont'd)
2 ROBERT J. LEONI, ESQ.
3 MORGAN SHELSBY & LEONI
4 131 Continental Drive - Suite 206
5 Newark, Delaware 19713
6 For the Witness

7 GLENN W. DEATON,
8 the deponent herein, having first been
9 duly sworn on oath, was examined and
testified as follows:

10 EXAMINATION

11 BY MR. SPADARO:

12 Q. Sir, would you state your name for the record,
13 please?

14 A. Glenn W. Deaton.

15 Q. Can you tell me your home address, please?

16 A. 128 Sweet Gum Drive, Dover, Delaware, 19904.

17 Q. Have you given sworn testimony under oath at a
18 deposition proceeding before?

19 A. Yes.

20 Q. And you understand that I will be asking you
21 questions at the deposition and that you will be
22 expected to answer them completely and truthfully
23 under oath?

24 A. Yes, I do.

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1 (The reporter read back the last answer.)
2 BY MR. SPADARO:
3 Q. Do I understand from your answer that you're
4 indicating that in the business in which you operate
5 Nationwide acts as a principal and you act as
6 Nationwide's agent?

7 A. The term principal I use to describe myself as
8 an agency, I'm the agency principal.

9 Q. The principal of the business?

10 A. Correct.

11 Q. Maybe I should ask. What is your relationship
12 to the Glenn Deaton Agency Incorporated?

13 A. I'm the president of the corporation and the
14 primary agent-producer.

15 Q. And what do you mean by "agent-producer"?

16 A. I am responsible for the sale of the products
17 in the office and also have other licensed staff, but
18 I am the primary producer of sales, salesperson, if
19 you will.

20 Q. What does -- if I refer to the Glenn Deaton
21 Agency Incorporated as Deaton or the Deaton Agency,
22 will you know what I mean?

23 A. Yes.

24 Q. What, if anything, does the Deaton Agency sell?

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1 Q. And will you agree that if any question I ask
2 is unclear to you or if you feel that it needs
3 rephrasing or repetition, you will ask me to clarify
4 or repeat the question?

5 A. Yes, I will.

6 Q. And if you need to take a break, let me know
7 that. I'm going to try to move quickly enough so that
8 we don't need any breaks during your testimony, but
9 that doesn't mean you're not entitled to take one if
10 you want to. Okay?

11 A. Okay.

12 Q. Are you represented by any attorney at this
13 deposition?

14 A. I am.

15 Q. Is Mr. Leoni representing you today?

16 A. Yes, he is.

17 Q. And are you a representative of the Glenn
18 Deaton Agency Incorporated?

19 A. I am.

20 Q. What is the Glenn Deaton Agency Incorporated?

21 A. I'm an independent contractor, agent, principal
22 for Nationwide Insurance Company.

23 MR. SPADARO: Could you read that back,

24 Kurt?

1 A. We sell a variety of property, casualty and
2 life and health, financial service products, including
3 automobile, homeowner, commercial property liability,
4 worker's compensation, life insurance and some mutual
5 funds and variable products as well.

6 Q. The products that you listed are all insurance
7 products, are they not?

8 A. Correct.

9 Q. And does the Deaton Agency sell Nationwide
10 Insurance products to consumers?

11 A. Yes.

12 Q. And ask the Deaton Agency sell exclusively
13 Nationwide Insurance products to Delaware consumers?

14 A. I am a captive, exclusive agent of Nationwide.
15 I do have opportunities to sell products outside of
16 that arrangement, but primarily Nationwide products.

17 Q. Are you able to estimate roughly the percentage
18 of Nationwide Insurance products that you sell
19 compared to the insurance products of other insurance
20 companies?

21 A. Nationwide sales represents I would say 90 to
22 95 percent of our overall sales.

23 Q. What do you mean when you are referring to the
24 Deaton Agency as captive?

2 (Pages 2 to 5)

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1 A. I have a contract to sell Nationwide's products
2 exclusively. I'm required to sell Nationwide's
3 products. I'm not allowed to broker or go outside of
4 that agreement for market. In other words, if
5 Nationwide offers that product for sale, I'm going to
6 sell their product.
7 If I have occasion to sell a product that
8 Nationwide is not interested in that market, I'm
9 allowed to place that through another carrier.
10 Q. So you're allowed to sell other insurance
11 companies' products so long as they don't compete in
12 this market with products that Nationwide is selling?
13 A. Correct.
14 Q. I hope you understand what I meant. When I
15 said, "this market," I meant Delaware. And I think
16 you understood my question that way?
17 A. Correct. That's the only state that I am
18 licensed to transact.
19 Q. And you do hold a professional license?
20 A. Yes, I do.
21 Q. Could you identify it for me?
22 A. I have a license through the Delaware Insurance
23 Commissioner's office, an agency's license to sell all
24 of the products that I mentioned, property, casualty,

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1 A. Yes, it does.
2 Q. If you turn to the fourth page of the document,
3 do you see there an appendix that purports to set
4 forth a description of the documents being subpoenaed
5 and the topics for your testimony today?
6 A. Yes.
7 Q. And on the next page do you see the heading
8 Matters for Examination?
9 A. Yes.
10 Q. And you understand that under that heading is
11 set forth the three subject areas which I'll be asking
12 questions about today?
13 A. Yes.
14 Q. And have you had a chance to review those
15 subject areas before today's deposition?
16 A. I have.
17 Q. Are you prepared to answer questions relating
18 to those three subject areas?
19 A. I am.
20 Q. Thank you.
21 How many employees does the Deaton Agency
22 have, sir?
23 A. Including myself, five.
24 Q. Let me ask you a little bit more about your

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1 life, health, bonding and variable annuities as well.
2 Q. You understand, do you not, that you've been
3 designated by the Deaton Agency to testify on its
4 behalf at this deposition?
5 A. Yes.
6 Q. Do you freely accept that designation?
7 A. Yes, I do.
8 MR. SPADARO: Let me ask the court
9 reporter to mark as Exhibit 1 to your deposition a set
10 of documents that purports to be a copy of a letter
11 signed on my behalf by another attorney in my firm,
12 Mr. Brockstedt, dated March 24, 2005 and addressed for
13 hand delivery to the Glenn Deaton Agency Incorporated,
14 attached to which is a copy of the subpoena that we
15 served on the Glenn Deaton Agency in this case.
16 (Deaton Deposition Exhibit No. 1 was
17 marked for identification.)
18 BY MR. SPADARO:
19 Q. Have you had an opportunity to examine the
20 document that's been marked as Deaton Exhibit 1?
21 A. Yes, I have.
22 Q. Have you seen this document before, Mr. Deaton?
23 A. Yes.
24 Q. Does it appear to be what I have described?

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1 relationship, the agency's relationship with
2 Nationwide, if I could. Okay?
3 Does the Deaton Agency lease equipment
4 from Nationwide?
5 A. Could you be more specific about equipment?
6 Q. Well, is there office equipment that you use in
7 your business operations like computers, telephones
8 and that sort of thing?
9 A. All of the office equipment belongs to my
10 business. It's not property of Nationwide Insurance,
11 desks, chairs, filing cabinets.
12 Computer equipment specifically for many
13 years was the property of Nationwide Insurance and we
14 were required by contract to lease their hardware and
15 use their software. A few years ago they decided to
16 get out of the hardware business. And basically the
17 agents now own the hardware, but we are under contract
18 to use their software and their pipeline, if you will,
19 the company intranet and the software and all the
20 products of running the software and the computer is
21 provided by Nationwide, but the computer is owned by
22 the agency.
23 Q. When you say that the software is owned by
24 Nationwide, does that include what might be called

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1 document management software?
 2 **A. Yes.**
 3 Q. Do you send and receive e-mails at the Deaton
 4 Agency?
 5 **A. Yes, we do.**
 6 Q. If I understand correctly, is it correct to say
 7 that your e-mails are sent and received on
 8 Nationwide's file server?
 9 **A. That's correct.**
 10 Q. How is the Deaton Agency compensated for its
 11 role in selling Nationwide Insurance products in
 12 Delaware?
 13 **A. We're compensated strictly through commissions
 14 on products that we sell. We have no other source of
 15 income other than commission based on the sales.**
 16 Q. When a premium is obtained from a consumer in
 17 connection with the sale of a Nationwide Insurance
 18 product through the Deaton Agency, do you begin by
 19 transferring the premium to Nationwide?
 20 **A. Yes. Any premium received by our office is in
 21 a fiduciary capacity, is placed in a fiduciary
 22 account, a premium-bearing account only and is
 23 remitted to Nationwide. And I receive my commission
 24 after they have processed their transactions on a**

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1 PIP coverage. If I do that, will you know what I
 2 mean?
 3 **A. Yes.**
 4 Q. And --
 5 MR. LEONI: John, I'm just going to ask
 6 that you make sure that if he doesn't understand it in
 7 the context that you're asking that you explain that
 8 because we have to make sure he understands it in the
 9 context that you're using it.
 10 MR. SPADARO: Sure.
 11 BY MR. SPADARO:
 12 Q. We have agreed if you have any questions about
 13 my questions you will ask me, right?
 14 **A. Certainly.**
 15 Q. I'm not trying to give you an insurance 101
 16 quiz. But just for the record can you give me your
 17 understanding of what limits of liability means as an
 18 insurance term?
 19 **A. Sure. Limits of liability would be the amount
 20 provided by the contract, a maximum amount based on a
 21 per person limit or a per occurrence limit, but limit
 22 of liability would be the maximum amount payable by
 23 the company for a claim, a covered claim.**
 24 Q. And that amount is a dollar amount?

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1 biweekly basis.
 2 Q. So Nationwide collects premiums and then pays
 3 to you commissions based on how much premium was
 4 collected?
 5 **A. Right.**
 6 Q. How are employees' salaries paid? Are they
 7 paid directly by the Deaton Agency?
 8 **A. Yes. The employees are employees of myself and
 9 are paid directly by me.**
 10 Q. How long have you been the president of the
 11 Deaton Agency?
 12 **A. I started with Nationwide in the fall of 1989.
 13 Fifteen, sixteen years.**
 14 Q. Now, Mr. Deaton, we're going to be referring to
 15 a particular type of coverage within the automobile
 16 insurance product known as personal injury protection.
 17 Are you familiar with that term?
 18 **A. I am.**
 19 Q. And if I call it personal injury protection,
 20 you'll know what I mean?
 21 **A. Yes.**
 22 Q. If I call it PIP, you will know what I mean?
 23 **A. Yes.**
 24 Q. I may make reference to limits of liability for

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1 **A. Correct.**
 2 Q. So it's expressed in numbers, is expressed in
 3 dollars?
 4 **A. It's expressed in dollars, yes.**
 5 Q. Are you able to give me a step-by-step
 6 description -- I could break it down if you want me
 7 to, but maybe it's faster not to. It's your
 8 preference.
 9 If I ask you to give me a step-by-step
 10 description of the process by which an ordinary
 11 Delaware consumer in your neighborhood comes in and
 12 purchases a Nationwide auto policy, could you do that
 13 for me?
 14 **A. Yes, I could.**
 15 Q. Okay. Would you, please?
 16 **A. Sure. Once a quote is given -- generally, the
 17 process starts by an individual requesting a quote for
 18 what the coverage would be.**
 19 **We would --**
 20 Q. I'm sorry. I don't mean to interject. Along
 21 the way I may ask you to clarify a term here or there.
 22 **A. Sure.**
 23 Q. By "quote" you're referring to the consumers
 24 asking how much will it cost me to buy auto insurance?

4 (Pages 10 to 13)

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1 A. They would like a price quotation for the cost
2 of coverage.
3 We would gather the required information
4 that is needed to prepare a quote, certain personal
5 information about the type of vehicle, driving record,
6 information about the driver and so forth. Once the
7 quote is prepared and given and accepted, the
8 application process would start where we would
9 basically complete the Nationwide application on the
10 computer, generate an application, going through the
11 various information as needed about drivers and so
12 forth, the vehicle and coverages.
13 At that point we would interview with the
14 client or with the applicant explaining and requesting
15 if they have specific limitations, limits of liability
16 that they would like to compare with, if they have a
17 current contract. If they do not have current
18 coverage, we would explain to them what's required by
19 law and then show them the option limits that are
20 available.
21 Upon completion of the application it
22 would be printed out and any trailing documents that
23 were required to be signed -- a trailing document
24 would be a document in addition to the application

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1 with a receipt. The application would be released or
2 sent to Nationwide by the computer. We would set up a
3 new file retaining the documents in our file. No
4 paper really transactions go to Nationwide. It's done
5 electronically and we retain the original application
6 and any trailing documents in our file. Premiums are
7 collected by our firm, by our agency, are deposited in
8 a local bank, are remitted on Nationwide's remittance
9 program. And they will then a couple of business days
10 later they will electronically draft those funds from
11 the fiduciary account.
12 At that point the policy is processed and
13 generated directly by Nationwide from their service
14 center and sent out to the insured.
15 We tell every applicant that they will
16 receive their policy package directly from Nationwide
17 with I.D. cards and the policy packet itself; when
18 it's received to please give us a call if they have
19 any questions, to review if there's anything there
20 that they're not sure of. And we would set up our
21 file from there and that's basically, that's the basic
22 transaction process.
23 Q. Okay. Let me ask you about the point at which
24 the premium has been collected and a binder or

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1 Itself. The form A is considered a trailing document.
2 A vehicle inspection form, if a vehicle may be
3 customized or altered or have existing damage we are
4 required to view the vehicle and potentially have a
5 document, a trailing document as an inspection report.
6 A child's or student's report card that would be in
7 line for a discount, a defensive driving class, any
8 supplemental document that would affect the rate
9 provided or the coverage provided, we would be
10 required to obtain those, signatures on the
11 application and any trailing documents would be
12 obtained.
13 We would review what coverages are elected
14 and rejected by the applicant.
15 Q. When all of that was completed what would
16 happen?
17 A. The premium would be collected based on the
18 applicant's choice of pay plan. There are a variety
19 of different pay plan options available. We would
20 collect the appropriate premium, provide a receipt.
21 And we would at that point provide a binder or
22 memorandum of insurance, some proof that the
23 application process had been completed.
24 We would provide that to the applicant

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1 memorandum of insurance or other proof of insurance
2 has been provided to the consumer. Okay?
3 A. (The witness nodded.)
4 Q. Are you with me?
5 A. Yes.
6 Q. Have I so far characterized that part of your
7 testimony correctly?
8 A. Yes.
9 Q. At that point is the consumer insured for
10 automobile insurance by Nationwide?
11 A. Yes.
12 Q. So it's your understanding at that point an
13 insurance contract exists?
14 A. Yes.
15 Q. How long after that point -- well, at that
16 point the consumer presumably goes, leaves your office
17 and goes home carrying the auto memorandum of
18 insurance or binder or other proof of insurance,
19 right?
20 A. Correct.
21 MR. CHEYNEY: Objection.
22 Q. How much time typically passes, if you can tell
23 me, between that event and the consumer's receipt of
24 policy documents generated from Nationwide's service

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<p>1 center?</p> <p>2 A. Generally, one week, approximately a week's</p> <p>3 time to process and have that sent out in the mail to</p> <p>4 them.</p> <p>5 Q. Have you known it to take less than a week?</p> <p>6 A. Yes.</p> <p>7 Q. Have you known it to take more than a week?</p> <p>8 A. Yes.</p> <p>9 Q. On the far end of the scale, how long does it</p> <p>10 take when it takes longer than a week?</p> <p>11 A. Only an additional day or two, maybe ten days</p> <p>12 maximum.</p> <p>13 Q. And if the insured vehicle is involved in an</p> <p>14 automobile collision during that one week to ten-day</p> <p>15 interim, it's your understanding that Nationwide</p> <p>16 insures that event?</p> <p>17 MR. CHEYNEY: Objection.</p> <p>18 A. Correct.</p> <p>19 Q. Where is the Nationwide service center? Do you</p> <p>20 know?</p> <p>21 A. It is in Gainesville, Florida for the bulk of</p> <p>22 the automobile policies that we issue. They're</p> <p>23 generated from the Gainesville, Florida service</p> <p>24 center.</p>	<p>1 process. Many times we would hot print or screen</p> <p>2 print, if you will, the quote to show them if they</p> <p>3 brought their policy with them and they would like to</p> <p>4 compare, we would print off a document like that which</p> <p>5 would be just a screen print. But there is a formal</p> <p>6 quote letter that can be generated if it's requested.</p> <p>7 Q. Whether the document is generated hard copy or</p> <p>8 not, is it often the case that the consumers are</p> <p>9 allowed to see the quote in writing while they're in</p> <p>10 your office?</p> <p>11 A. Yes.</p> <p>12 Q. Are there any other documents that as part of</p> <p>13 this process the consumers either see visually or are</p> <p>14 allowed to take with them?</p> <p>15 A. Yes.</p> <p>16 Q. I think you mentioned the memorandum of</p> <p>17 insurance or binder or other proof of insurance.</p> <p>18 A. Correct.</p> <p>19 Q. That's one category of documents that is given</p> <p>20 to the consumer, right?</p> <p>21 A. Correct. They are offered a copy of the</p> <p>22 physical application as well and the Delaware Form A</p> <p>23 Delaware Protection Act document.</p> <p>24 Q. I think you referred earlier to options that</p>
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<p>1 Q. Are there other Nationwide service centers that</p> <p>2 address other regions of the country?</p> <p>3 A. Yes.</p> <p>4 Q. Thank you.</p> <p>5 This process you've described very</p> <p>6 patiently for me, which I appreciate, this step-by-</p> <p>7 step process by which the consumer purchases the auto</p> <p>8 insurance from Nationwide, as part of that process are</p> <p>9 documents shared with the consumer at any stage?</p> <p>10 A. Documents, yes.</p> <p>11 Q. For example, is the price quote that you</p> <p>12 started your description with a written price quote?</p> <p>13 A. Yes.</p> <p>14 Q. And that's a document that's shared with the</p> <p>15 consumer and he can take home with him?</p> <p>16 A. We do have a formal quote letter when someone</p> <p>17 asks for a quote that we can provide a user friendly</p> <p>18 quote letter. Generally, that's not sent out on a</p> <p>19 telephone quote or if someone comes into the office</p> <p>20 and I provide the quote on the computer and share with</p> <p>21 them the information on the monitor and they say yes,</p> <p>22 I would like to purchase that coverage, generally that</p> <p>23 quote letter is not printed out.</p> <p>24 We would go directly into the application</p>	<p>1 the consumer has with respect to the limits of</p> <p>2 liability that they can purchase for different</p> <p>3 coverages.</p> <p>4 Do you recall that?</p> <p>5 A. Correct.</p> <p>6 Q. And I'm going to limit my questions to</p> <p>7 automobile insurance. All right?</p> <p>8 A. Mm-hmm.</p> <p>9 Q. There are --</p> <p>10 MR. LEONI: You have to answer actually</p> <p>11 verbally yes or no.</p> <p>12 THE WITNESS: Yes.</p> <p>13 MR. SPADARO: Thank you, Mr. Leoni.</p> <p>14 BY MR. SPADARO:</p> <p>15 Q. There are different dollar amounts in limits of</p> <p>16 liability that consumers are able to purchase within</p> <p>17 different coverages, right?</p> <p>18 A. Correct.</p> <p>19 Q. It's your understanding that with respect to</p> <p>20 PIP coverage there's a minimum amount that's mandated</p> <p>21 by statute. Is that right?</p> <p>22 A. That's right.</p> <p>23 Q. And the minimum statutory limits of liability</p> <p>24 for PIP coverage according to your understanding are</p>

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<p>1 \$15,000 per person/\$30,000 per accident. Is that 2 right? 3 A. Correct. 4 Q. But consumers are able to purchase more than 5 that, aren't they? 6 A. Yes. 7 Q. What is the full amount of limits of liability 8 available from Nationwide today for PIP coverage? 9 MR. CHEYNEY: Objection. 10 MR. LEONI: Do you know what? So far we 11 have been talking generically, but actually the notice 12 of deposition refers only to Nationwide Mutual 13 Insurance Company. So I'm assuming, and maybe 14 wrongfully so, your questions are limited to 15 Nationwide Mutual. 16 MR. SPADARO: Yes. All my questions are 17 limited to the defendant in this case, Nationwide 18 Mutual -- let me make sure I get the name right -- 19 Nationwide Mutual Insurance Company. 20 BY MR. SPADARO: 21 Q. Do you understand that, sir? 22 A. Yes. 23 Q. Do all of your responses so far relate to 24 Nationwide Mutual Insurance Company?</p>	<p>1 policies? 2 MR. SPADARO: Yes. 3 BY MR. SPADARO: 4 Q. I've said that I'm only referring to the 5 defendant Nationwide Mutual Insurance Company and I 6 have clarified all of my questions relate to 7 automobile insurance. So that's a given with every 8 question I ask unless I specify otherwise. I'm not 9 going to ask you about products other than auto at 10 this point. 11 Do you understand my question? 12 A. I understand your question. But my response 13 would be particularly regarding Nationwide Mutual, the 14 company one, that Nationwide Mutual -- we're not 15 talking about the non-standard. We're talking about 16 generally -- all right. 17 Q. I'm only asking about the defendant in this 18 case, Nationwide Mutual Insurance Company. 19 A. Yes. I understand your question. 20 MR. LEONI: Just to be clear for the 21 witness because he seems to be having a little 22 trouble -- 23 MR. SPADARO: If you have an objection to 24 form, we're in the District Court, if you have an</p>
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<p>1 A. Yes. 2 Q. So let me ask you again: Can you tell me the 3 full amount of PIP limits of liability that are 4 available for purchase from Nationwide today in 5 Delaware? 6 MR. CHEYNEY: Objection. 7 A. The maximum limits for PIP available is 8 \$100,000 per person/\$300,000 per accident. 9 Q. Do you have a sense of in percentage terms of 10 the percentage of auto policies that the Deaton Agency 11 is involved in selling on Nationwide's behalf for 12 which Delaware consumers in a typical year purchase 13 the minimum limits of \$15,000 per person/\$30,000 per 14 accident? 15 MR. LEONI: Hold on a second. Can I hear 16 that back? 17 Could you read it back, Kurt? 18 THE WITNESS: Because he -- 19 MR. LEONI: Hold on. He's going to read 20 the question back to make sure we understand it. 21 (The reporter read back the last 22 question.) 23 MR. LEONI: Again, we're referring only to 24 Nationwide Mutual Insurance Company personal auto</p>	<p>1 objection to the form, you can object to form. I'll 2 clarify. 3 BY MR. SPADARO: 4 Q. You understand I'm trying to figure out how 5 often people purchase the minimum limits? Do you 6 understand my question? 7 A. Yes, I do. 8 Q. If you can ballpark that for me in percentage 9 terms, that would be helpful. 10 A. Under Nationwide Mutual Insurance Company 11 policies that we issue I would say only 25 percent or 12 less purchase the minimum PIP coverage. 13 Q. Okay. Thank you. That's very helpful. 14 Now, in response to our subpoena it's your 15 understanding that the Deaton Agency produced certain 16 documents to us? 17 A. That's correct. 18 Q. And is it your understanding that we reached a 19 compromise by which the parties agreed that the Deaton 20 Agency would produce policy-related documents for just 21 35 policyholders? 22 A. Yes. 23 Q. And just for the record, over the course of the 24 time period embraced by this lawsuit the agency has</p>

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1 sold many more than 35 insurance policies, auto 2 insurance policies, that is, on behalf of Nationwide? 3 A. Yes. 4 Q. But this was a compromise we reached to reduce 5 the burden and expense of responding to the subpoena. 6 Do you understand that? 7 A. Yes. 8 Q. I want to mark as Exhibit 2 to your deposition 9 a set, a single set of these policy-related documents 10 that were produced by the Deaton Agency as part of 11 this compromise. 12 Do you understand what I have represented? 13 A. Yes. 14 Q. And it's your understanding, is it not, that 15 the Deaton Agency's attorneys, Mr. Leoni and his 16 office, have blacked out or redacted certain 17 identifying information that might otherwise have 18 identified the policyholders under these policies? 19 A. Yes. 20 Q. And it's your understanding that the attorneys 21 for the Deaton Agency have numbered the sets that were 22 produced to us with one- or two-digit numbers? 23 A. Yes. 24 MR. SPADARO: Let me start by marking as	1 Page number 2 begins with detail about the vehicle to be insured itself, including the make, model, year, vehicle identification number and ownership. The second area of the second page of the document provides the coverage that's been selected. The liability, physical damage, uninsured motorist and PIP coverage are detailed there. Any discounts are listed there on the bottom of that second page. 9 Page 3 provides ratings variables, including the work or work commute, annual mileage and any surcharges for rate class that might be applicable. 13 Q. If I could just interject for a moment. By rating variables are we referring to underwriting factors that might result in a determination of the premium to be charged? 17 A. Correct. 18 Q. Thank you. 19 A. Below that on the third page is some general information specific to the place of the domicile of the applicant, where they live, and payment information is also included on page 3. 23 The fourth page is a closing statement that provides information on how Nationwide will
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1 Exhibit 2 to your deposition set number 63 from the 2 Deaton production. 3 (Deaton Deposition Exhibit No. 2 was 4 marked for identification.) 5 BY MR. SPADARO: 6 Q. Just review that, if you would, to your 7 satisfaction. Let me know when you feel comfortable 8 answering some questions about it. 9 A. (Reviewing document) Okay. 10 Q. Does this appear to be a copy of the documents 11 from set 63 of the Deaton production? 12 A. Yes. 13 Q. I'm going to ask you if you can try to describe 14 the approximately seven pages that are part of Exhibit 15 2 for me in a little more detail. 16 A. Okay. 17 Q. Thank you. 18 A. Page 1 -- the document is a standard automobile insurance application through Nationwide Mutual. The first page of the document provides basic declaration type information about the name of the insured, date of the application and basic demographic information about the insured, license, date of birth, social, address and so forth.	1 handle the application regarding misrepresentations and acknowledgment of coverage and accepting of the risk. 4 The fifth page includes statements that are asked to be initialed in total by the insured regarding their use and ownership and declaration of any drivers in the household or have regular use of that vehicle and any forbidden uses of the vehicle under the personal auto policy, including delivery of pizza and you will see there in the one bullet the newspapers or taxicab-type things are prohibited. We ask that they acknowledge that there. 13 And the final part on page 5 is the signature place where the applicant and the producing agent would sign and date and time the application. 16 Q. So those first five pages are -- bear with me for a second. 18 Those first five pages are the application themselves? 20 A. Those pages are the application, yes. 21 Q. And the remaining two pages of Deaton Exhibit 2 are not what you would describe as part of the application? 24 A. Correct.

8 (Pages 26 to 29)

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1 Q. But they are part of the larger process of
2 placing insurance?
3 A. Correct.
4 Q. I'm sorry I interrupted you. Thank you.
5 A. The sixth page is the Delaware Motorists'
6 Protection Act, a form that's used to acknowledge and
7 where the applicant would select and verify or reject
8 any coverage options that they would like. The
9 minimum limits are displayed on this form that are
10 required by Delaware law, along with other optional
11 coverages for physical damage, including
12 comprehensive, collision, uninsured motorist, loss of
13 use. This is the form that we have the insured sign
14 that spells out the requirements and also the options
15 that are provided under the Delaware policies.
16 The final page is a copy of the screen
17 print that I mentioned. This would be a document that
18 I would share with an insured that would come in the
19 office if we were comparing different quotes. This is
20 simply a screen print of our quote process off the
21 computer.
22 Q. That final page that you've indicated is shared
23 with the consumer is titled Auto Rate Quote Number 1?
24 A. Correct.

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1 left-hand column that says Comprehensive, right?
2 A. Correct.
3 Q. And what does that information up to that point
4 indicate?
5 A. That entry relates to the deductible that would
6 be applied to that line of coverage. \$250 would be
7 the deductible applicable to the comprehensive line of
8 coverage.
9 Q. Very briefly, what does comprehensive coverage
10 entail in an auto insurance policy?
11 A. Comprehensive coverage provides coverage for
12 damage to the insured vehicle that is not collision
13 related and would include glass breakage, vandalism,
14 theft, fire, flood. Collision with an animal would be
15 one comprehensive coverage where a collision would
16 take place with an animal, but it's damage to the
17 vehicle that's generally not collision related.
18 Q. So it appears that it's contemplated for this
19 particular insurance contract that there will be a
20 deductible for comprehensive coverage of \$250, right?
21 A. Correct.
22 Q. And that deductible is expressed in a dollar
23 amount?
24 A. Yes.

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1 Q. Let me ask you to turn, if you would, to the
2 second page of Deaton Exhibit 2, please.
3 I'm going to direct your attention to the
4 entries in the middle of the page under the Heading
5 Vehicle Level Coverages.
6 Do you see that?
7 A. Yes.
8 Q. Now, there appear to be under that heading
9 three columns setting forth information. Is that fair
10 to say?
11 A. Yes.
12 Q. In the left-hand column we see the first entry
13 reads Comprehensive and underneath that Collision and
14 then underneath that Property Damage and so forth.
15 That left-hand column identifies different types of
16 insurance coverage within the automobile insurance
17 product?
18 A. Correct.
19 Q. Is that fair to say?
20 A. Yes.
21 Q. And the middle column begins with the number
22 250. Do you see that?
23 A. Yes.
24 Q. And that corresponds to the entry in the

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1 Q. In the right-hand column there appear to be
2 dollar amounts set forth for each of the types of
3 coverage.
4 Do you see that?
5 A. Yes.
6 Q. The first being \$23.20 corresponding to the
7 comprehensive coverage entry, right?
8 A. Correct.
9 Q. Am I correct that sets forth the premium amount
10 to be collected with respect to each coverage within
11 the automobile insurance contract?
12 A. Yes.
13 Q. Now let me ask you to turn, if you could, to
14 the last page of Deaton Exhibit 2 entitled Auto Rate
15 Quote Number 1 and let me know when you have that
16 before you, please.
17 A. I do.
18 Q. This document has a similar format, doesn't it?
19 A. Yes.
20 Q. Because we see abbreviated names for the
21 different types of coverage beginning with COMP for
22 comprehensive and then COLL for collision, then PD for
23 property damage and so forth, right?
24 A. Correct.

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1 Q. And then in the middle column we see the dollar
 2 amount for comprehensive that indicates 250,
 3 signifying the \$250 deductible to be charged for that
 4 coverage, right?
 5 A. Correct.
 6 Q. In the right-hand column we see that 23.20
 7 indicating the \$23.20 premium to be collected for the
 8 comprehensive coverage, correct?
 9 A. Correct.
 10 Q. Now, there is information redacted on this
 11 page. So let me ask you as it appears in unredacted
 12 form, does the name of the insured appear on this
 13 page?
 14 A. Yes.
 15 Q. And would the page in unredacted form indicate
 16 anywhere the vehicle to be insured?
 17 A. Yes.
 18 Q. How would it identify that vehicle?
 19 A. By the year, make and model would generally
 20 appear in the heading above the \$250 deductible where
 21 it's been redacted. The vehicle year and type would
 22 appear there.
 23 Q. And we know that the types of coverages are
 24 described in the document, right?

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1 a brand-new vehicle on this day valued at \$20,000.
 2 Well, when the claim time comes a week, a month, a
 3 year later, the value of that vehicle would be
 4 determined at that time based on the actual cash value
 5 of the vehicle at the time.
 6 So that deductible is assessed as a common
 7 factor against the amount of the claim because the
 8 limit of liability would be relatively unknown based
 9 on the actual cash value of the vehicle.
 10 Q. So the limit of liability is not expressed in
 11 that column for comprehensive coverage because it's
 12 not a readily identifiable number at the time the
 13 policy is purchased?
 14 A. Correct.
 15 Q. Rather, it's a number to be determined later
 16 based on the depreciating value of the property?
 17 A. And the amount of damage incurred, correct.
 18 Q. And the amount of damage incurred. Thank you.
 19 The number 500 appears in the middle
 20 column for the entry for collision damage. Do you see
 21 that?
 22 A. Yes.
 23 Q. And what does that number express?
 24 A. In similar fashion, it is a deductible that

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1 A. Correct.
 2 Q. And the limits of liability for the coverages
 3 are set forth, are they not?
 4 A. Yes.
 5 Q. And the premium amount to be charged for each
 6 is set forth, right?
 7 A. Yes.
 8 Q. Turning to that middle column that begins with
 9 the number 250 for the deductible for comprehensive
 10 coverage, that is not a dollar amount that indicates
 11 the limit of liability for comprehensive coverage, is
 12 it?
 13 A. No.
 14 Q. It indicates rather the dollar amount of the
 15 deductible for that coverage, right?
 16 A. Correct.
 17 Q. Why does it indicate a dollar amount for the
 18 deductible rather than for the limit of liability?
 19 A. The deductible is a common factor that would be
 20 charged against a claim regardless of -- the value of
 21 the vehicle is a variable that cannot really be
 22 contemplated at the time of application. The value or
 23 limit of that coverage would be contemplated at the
 24 time of the claim, meaning someone may have purchased

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1 would be charged against the claim to the insured for
 2 a collision claim.
 3 Q. And that's expressed as a dollar amount?
 4 A. Correct.
 5 Q. And the reason that entry is expressed as a
 6 deductible rather than showing the limit of liability
 7 for collision damage is the same reason you explained
 8 with respect to comprehensive coverage, right?
 9 A. Yes.
 10 Q. It is an unknowable factor at the time the
 11 policy is purchased?
 12 A. Correct.
 13 Q. The number 10,000 appears in that middle column
 14 entry on this last page of Deaton Exhibit 2 for
 15 property damage coverage.
 16 Do you see that?
 17 A. Yes.
 18 Q. And is that insurance coverage that insures
 19 against property damage claims brought by other
 20 drivers for damage done to their property?
 21 A. Correct.
 22 Q. And the 10,000 indicates, the 10,000 figure in
 23 that middle column of the last page of Deaton Exhibit
 24 for property damage indicates the dollar amount of

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1 the limit of liability for property damage coverage? 2 A. That's correct. 3 Q. And that's expressed as a dollar amount because 4 it is a dollar amount known at the time the policy is 5 purchased? 6 A. That's correct. 7 Q. When the policy is purchased it's readily 8 ascertainable what the limit of liability is for 9 property damage coverage or bodily injury coverage, 10 right? 11 A. Correct. 12 Q. And for the bodily injury entry we see 15/30 in 13 the middle column. 14 Do you see that? 15 A. Yes. 16 Q. What does that mean? 17 A. That signifies \$15,000 per person and a \$30,000 18 per accident limitation. 19 Q. So that's the limit of liability for bodily 20 injury coverage? 21 A. Correct. 22 Q. And that's the insurance made available for 23 claims by other persons than the insured against the 24 insured for bodily injury suffered in a covered event?	1 A. Correct. 2 Q. I have no idea what that means and I guess that 3 means coverage not wanted, but maybe you could tell 4 me. 5 A. That's exactly correct. 6 Q. Is it the case that wherever I see CNW in the 7 documents that Deaton produced it means coverage not 8 wanted? 9 A. Yes. 10 Q. And I'll represent to you that I have seen that 11 entry in documents produced by other insurance agents 12 that have been subpoenaed in the case. 13 Do you understand what I have told you? 14 A. Sure. Yes. 15 Q. Do you understand that to be a standard 16 abbreviation used in documents of this type -- 17 A. Yes. 18 Q. -- by insurance agents? 19 A. Yes. 20 Q. I'm sorry. Your answer is? 21 A. Yes. 22 Q. Thank you. 23 Let me take you to the entry for PIP in 24 the left-hand column. Do you see that?
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1 A. Correct. 2 Q. The next entry on the left reads UMBI. Do you 3 see that? 4 A. Yes, I do. 5 Q. What does that stand for? 6 A. It stands for uninsured motorist bodily injury 7 coverage. 8 Q. I'm sorry. I skipped. There's an entry above 9 that column that says DB. 10 Do you see that? 11 A. Yes. 12 Q. What does that stand for? 13 A. That stands for death benefit. 14 Q. What is the death benefit coverage? Could you 15 explain that quickly? 16 A. Nationwide's product provides a death benefit 17 to the named insured, the driver and passengers if 18 they are killed in a covered accident if they are 19 wearing their seat belt. There is a small death 20 benefit payable. 21 Q. Then in the middle entry where otherwise 22 there're expressed limits of liability or deductibles 23 you see the entry in letters CNW. 24 Do you see that?	1 A. Yes. 2 Q. And in the middle column it says full. 3 Do you see that? 4 A. Yes. 5 Q. And that's a characterization that we see in -- 6 I'll represent to you that that characterization of 7 PIP as full is one that can be found in every set of 8 documents that the Deaton Agency produced. 9 Do you understand what I am representing 10 to you? 11 A. Yes. 12 Q. Does that surprise you? 13 A. No. 14 Q. Is it fair to say that the characterization of 15 PIP as full in documents like the auto rate quote 16 shown on the last page of Deaton 2 is a routine one in 17 your business? 18 A. Yes. 19 Q. What I could do is show you some additional 20 examples of that characterization as it appears in 21 other sets of documents that Deaton produced simply so 22 you could confirm that full is in there. We can go 23 through that exercise. I'm happy to do that. Or you 24 could simply tell me that you expect to find it in all

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1 of them, if that's the case.

2 **A. Yes. I would expect to see that usage of the**
 3 **word "full" in the various documents that you have**
 4 **obtained.**

5 Q. And you would expect to see it in connection
 6 with PIP?

7 **A. Correct.**

8 MR. SPADARO: Just give me a couple of
 9 minutes to think if I have anything else and I may
 10 have nothing else.

11 MR. LEONI: While we're on break, you're
 12 not allowed to talk to me, him, anybody else about
 13 your testimony, what questions you were asked, what
 14 questions you may be asked. You can talk to him about
 15 anything else, hunting or whatever.

16 Do you understand that?

17 THE WITNESS: Yes.

18 MR. LEONI: Okay.

19 (A brief recess was taken.)

20 MR. SPADARO: Mr. Deaton, let me show you
 21 what I am going to ask the court reporter to mark as
 22 Exhibit 3 to your deposition.

23 (Deaton Deposition Exhibit No. 3 was
 24 marked for identification.)

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1 **A. Yes.**

2 Q. Is this that type of document that you
 3 described in that explanation?

4 **A. Yes.**

5 MR. SPADARO: That's all I have,

6 Mr. Deaton. I appreciate your patience and coming up
 7 here today.

8 MR. CHEYNEY: I have some questions.

9 MR. LEONI: Mr. Cheney is going to ask you
 10 some questions.

11 BY MR. CHEYNEY:

12 Q. Mr. Deaton, the packet 63 that was shown to
 13 you, there is no binder attached, is there?

14 **A. There is not.**

15 Q. Do you keep a copy of the binder?

16 **A. As a rule, generally no.**

17 Q. Do you give a binder copy to the policyholder
 18 or the new policyholder?

19 **A. Yes.**

20 Q. What does the binder indicate? Do you have a
 21 copy of that that you could make available?

22 **A. I could make it available. It is very similar**
 23 **In its format and content to the memorandum of**
 24 **Insurance.**

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1 BY MR. SPADARO:

2 Q. Mr. Deaton, take your time reviewing that
 3 document, but I don't think I have too much to ask you
 4 about it. I will represent to you that the document
 5 marked as D-3 entitled Auto Memorandum Of Insurance is
 6 just that, an auto memorandum of insurance that was
 7 shared with us by the plaintiffs in this case, Mr. and
 8 Mrs. Eames.

9 Do you understand what I have represented?

10 **A. Yes.**

11 Q. You can I think readily determine that this is
 12 not a document related to an auto policy that was sold
 13 through your office.

14 **A. Correct.**

15 Q. But instead it appears to relate to a policy
 16 sold through another Delaware insurance agent?

17 **A. Correct.**

18 Q. I simply want to ask you whether -- let me go
 19 back.

20 You referred during your helpful
 21 description of the step-by-step process by which the
 22 auto policy is sold to a document type called the auto
 23 memorandum of insurance.

24 Do you remember that?

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1 **I could elaborate briefly that the auto**
 2 **memorandum of insurance is generally once the policy**
 3 **is issued by the company and physically processed, the**
 4 **auto memorandum would be issued because it has a**
 5 **policy number on it.**

6 The binder contains pretty much the same
 7 information with a caveat that says this is a binder
 8 subject to the issuance of the policy. It gives a 30-
 9 day time limit.

10 Q. That's exactly my question. The binder is not
 11 the policy?

12 **A. Correct.**

13 Q. Now, the automobile insurance application that
 14 you have as Exhibit 63, this is signed by the
 15 applicant. Is that correct?

16 **A. Correct.**

17 Q. Is the information on it signed by the
 18 applicant when they sign it?

19 **A. Yes.**

20 Q. Do you explain to the applicant what the PIP,
 21 personal injury protection, full and \$71.90 means?

22 **A. Yes.**

23 Q. And what does full mean when it appears there
 24 that's explained to the applicant?

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1 **A. It means that that coverage is without a
2 deductible meeting the statutory requirement, the full
3 limit of the statute, which is 15/30.**

4 Q. Now, does that 71.90 that appears in that
5 column adjacent to full, to the right of full reflect
6 that premium for that policy coverage?

7 **A. Yes.**

8 Q. And if it were anything greater like the
9 additional policy coverage you spoke of, the APIP or
10 the 100/300,000, would that be a different premium?

11 **A. Yes, it would.**

12 Q. And that appears in the additional personal
13 injury protection, coverage not wanted?

14 **A. Correct.**

15 Q. Is there a discussion between you or your
16 agency and the insured as to the options of the APIP,
17 additional personal injury protection, or the minimum
18 policy limits?

19 **A. Yes.**

20 Q. Is this application always given, always given,
21 routinely given to the insured at the time they come
22 in?

23 MR. SPADARO: Objection to the form.
24 You can answer.

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1 first three words, "Read your policy."
2 Do you see that?

3 **A. Yes.**

4 Q. Is that something that's always told to an
5 applicant, when the policy comes to read the policy
6 and if there's any questions to call you?

7 **A. Yes.**

8 Q. The application is not the policy, is it?

9 **A. Correct.**

10 Q. In the closing statement on page 4 there's a
11 paragraph four from the bottom. That first sentence
12 of that paragraph, could you read that?

13 **A. Beginning with "I hereby"?**

14 Q. Yes.

15 **A. "I hereby acknowledge that all coverages,
16 required and optional, available to me have been fully
17 explained."**

18 Q. In connection with that statement is it fair to
19 say from your agency and your personal viewpoint that
20 you explain to the insured at the time of the
21 application what the limits are that they are
22 purchasing, what the deductibles available are and
23 what the available additional APIP coverage for PIP
24 might be?

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1 MR. CHEYNEY: I think those words were
2 your words, "routine" and "common." I'm just trying
3 to get back to what your question was and repeat those
4 words.

5 So let me do it again.

6 BY MR. CHEYNEY:

7 Q. Is this application routinely and commonly
8 given to the insured at the time he signs the
9 application?

10 **A. It is offered consistently to the insured if
11 they would like to have a copy of it.**

12 Q. How often in your experience during the course
13 of the year, an average year do they take it or don't
14 take it?

15 **A. It's taken rarely by -- in my experience, the
16 physical application is rarely taken by the applicant.
17 Their concern is the proof of coverage that they would
18 need for the purchase of their vehicle or their motor
19 vehicle or to go to Motor Vehicle for registration
20 processes, purposes.**

21 **A small percentage generally request the
22 hard copy application.**

23 Q. Now, going to page 3 of the application, the
24 very last line under Notice, it says, and I quote the

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1 **A. Yes.**

2 Q. Now, it also says in the very last paragraph --
3 could you read that sentence fully, please?

4 **A. I have read and signed the Delaware Motorist
5 Protection Act form, required by Delaware statute and
6 have selected the coverage and limits requested
hereon.**

7 Q. Now, is that form what page 6 would be?

8 **A. Yes.**

9 Q. And do you and your agency go over this form
10 and what is checked on the form?

11 **A. Yes.**

12 Q. Is frequently or infrequently the checking the
13 result of actual conduct of the applicant or by your
14 agency?

15 **A. Do you refer to the physical marking of the
16 box?**

16 Q. Yes.

17 **A. Generally by the agent or agency employee, not
the applicant.**

18 Q. Is it always done as a result of a conversation
19 and specific question?

20 **A. Yes.**

21 Q. Do you see anywhere on this policy the

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<p>1 word "full" unmodified by any other word when it comes 2 to the no-fault coverage package number 3?</p> <p>3 MR. SPADARO: Objection.</p> <p>4 MR. LEONI: Objection. Because I don't 5 understand. You said, "Do you see anywhere on this 6 policy?" What policy?</p> <p>7 MR. CHEYNEY: I beg your pardon. The 8 Delaware Motorists' Protection Act form. We're on 9 page 6.</p> <p>10 MR. LEONI: Of exhibit Deaton Exhibit 2.</p> <p>11 MR. CHEYNEY: Withdraw the question.</p> <p>12 BY MR. CHEYNEY:</p> <p>13 Q. Looking at this form where it says the 14 coverages under A, paragraph 3, do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. And do you see under B, "Options. You must 17 select limits and coverage desired"? Do you see that 18 paragraph?</p> <p>19 A. Yes.</p> <p>20 Q. Do you see paragraph or subparagraph 3 in that 21 column?</p> <p>22 A. Yes.</p> <p>23 Q. What does that say?</p> <p>24 A. "Full Coverage with no Deductible."</p>	<p>1 Q. It's a rate quote sheet, correct?</p> <p>2 A. Correct.</p> <p>3 Q. It is not the policy, is it?</p> <p>4 A. No.</p> <p>5 MR. LEONI: Let me just make sure the 6 record is clear that this is Deaton Exhibit 2 we're 7 talking about which has on the first page a marking 8 number 63.</p> <p>9 MR. CHEYNEY: Correct. It's the last page 10 of that.</p> <p>11 BY MR. CHEYNEY:</p> <p>12 Q. In connection with dealing with applicants for 13 insurance, is there a script given to you by 14 Nationwide as to what to say when talking about PIP 15 protection?</p> <p>16 A. No.</p> <p>17 Q. Is it fair to say that when dealing with 18 applicants everyone is different and unique?</p> <p>19 A. Yes.</p> <p>20 Q. Although the areas are covered, there's no 21 script or set formula of language used?</p> <p>22 A. That's correct.</p> <p>23 MR. CHEYNEY: That's all I have. Thank 24 you.</p>
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<p>1 Q. Is it from that choice where the selection is 2 made in column C that information is put into the 3 computer as to what the PIP coverage is for the 15/30?</p> <p>4 A. Yes.</p> <p>5 Q. At the bottom of that page 6 can you read that 6 information that's contained in the box?</p> <p>7 A. "It is not the intent of this statement to 8 limit or discourage the purchase of increased limits 9 of liability and personal injury protection coverages, 10 or other additional coverages which may be available 11 from the company."</p> <p>12 Q. Is it your custom and routine and practice in 13 your agency to always offer the APIP coverage?</p> <p>14 A. Yes.</p> <p>15 Q. The screen saver, page 7 of this of Exhibit 63, 16 is this something that is routinely and commonly given 17 to the insured or is this a screen saver that you use 18 for making a rate quote?</p> <p>19 MR. SPADARO: Objection to the form.</p> <p>20 Q. It's okay.</p> <p>21 A. This is a document that is generally used for 22 explanation and comparison of options, but it is 23 generally not given to the applicant unless requested.</p> <p>24 It's more of a worksheet, if you will.</p>	<p>1 BY MR. SPADARO:</p> <p>2 Q. I just have a couple of follow-up questions, 3 Mr. Deaton, not much.</p> <p>4 If you would, keep before you Deaton 5 Exhibit 2. If you would turn to the page that bears 6 the heading Closing Statement, if you could find that.</p> <p>7 A. Okay.</p> <p>8 Q. If you would direct your attention to the 9 paragraph that begins a little bit, begins about the 10 middle of the page and begins with the words "I hereby 11 acknowledge that all coverages."</p> <p>12 Do you see that?</p> <p>13 A. Yes.</p> <p>14 Q. That sentence says, "I hereby acknowledge that 15 all coverages, required and optional, available to me 16 have been fully explained."</p> <p>17 Do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. And Mr. Cheney asked you about that sentence.</p> <p>20 Do you recall that?</p> <p>21 A. Yes.</p> <p>22 Q. Does the reference to coverages being fully 23 explained have meaning to you?</p> <p>24 A. Yes.</p>

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1 Q. And what does it mean for coverages to be fully
2 explained?
3 **A. To make sure that the applicant understands**
4 **what coverages are available to them and what limits**
5 **of coverages that they are purchasing, what optional**
6 **limits might be available to them, and coverages not**
7 **just relating to the PIP, as we mentioned, but**
8 **additional coverages in terms of rental car, towing**
9 **and labor, other accessory coverages that may be**
10 **available that they may not have thought about or**
11 **contemplated.**

12 Q. The reference in that sentence to coverages
13 being fully explained does not imply a minimal
14 explanation, does it?

15 **A. No.**

16 Q. The last sentence on that page that bears the
17 heading Closing Statement and is part of Deaton
18 Exhibit 2 was a sentence that Mr. Cheyney asked you to
19 read fully.

20 Do you recall that?

21 **A. Yes.**

22 Q. And in response to his request, you read the
23 entire sentence, didn't you?

24 **A. Yes.**

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1 insurance agents pursuant to the Eames plaintiffs'
2 subpoenas the word "full" appears next to the term
3 "PIP."

4 MR. LEONI: So stipulated.
5 MR. CHEYNEY: It's agreed.
6 MR. SPADARO: I have nothing further.
7 Thank you very much.
8 (Proceedings concluded at 12:10 p.m.)
9

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1 Q. You didn't read part of it, right?
2 **A. Correct.**
3 MR. SPADARO: That's all I have. Thank
4 you.
5 MR. LEONI: Any other questions?
6 MR. CHEYNEY: No.
7 MR. LEONI: All right.
8 (Discussion off the record.)
9 MR. SPADARO: The parties, being the Eames
10 plaintiffs, the defendant Nationwide and the remaining
11 insurance agents to be deposed today pursuant to the
12 Eames plaintiffs' subpoena, which includes the
13 Broadbent Agency, the Truitt Agency and the Hoban
14 Agency, have agreed to a stipulation in lieu of
15 continuing with those depositions so that based on
16 this stipulation the depositions of the Broadbent,
17 Truitt and Hoban designees pursuant to the plaintiffs'
18 subpoenas will no longer be necessary and have been
19 canceled.
20 And the terms of the stipulation are as
21 follows, and I invite counsel, please, to indicate
22 their assent or disagreement with the way that I
23 characterize it. The parties have stipulated that in
24 the vast majority of documents produced by the

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1
2
3 REPLACE THIS PAGE
4 WITH THE ERRATA SHEET
5 AFTER IT HAS BEEN
6 COMPLETED AND SIGNED
7 BY THE DEPONENT.

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1 State of Delaware)
2)
3 New Castle County)
4)
5 CERTIFICATE OF REPORTER

6 I, Kurt A. Fetzer, Registered Diplomate
7 Reporter and Notary Public, do hereby certify that
8 there came before me on Tuesday, August 9, 2005, the
9 deponent herein, GLENN W. DEATON, who was duly sworn
10 by me and thereafter examined by counsel for the
11 respective parties; that the questions asked of said
12 deponent and the answers given were taken down by me
13 in Stenotype notes and thereafter transcribed by use
14 of computer-aided transcription and computer printer
15 under my direction.

16 I further certify that the foregoing is a true
17 and correct transcript of the testimony given at said
18 examination of said witness.

19 I further certify that I am not counsel,
20 attorney, or relative of either party, or otherwise
21 interested in the event of this suit.

22 Kurt A. Fetzer, RDR, CRR
23 Certification No. 100-RPR
24 (Expires January 31, 2008)

DATED:

20
21
22
23
24

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